

Downing Street adopts the gold standard



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As we wrestle with technological change, contemplate regulatory reform, try to think locally and act globally, it would seem that understanding between the government and business is more important than ever.

Recent discussions at the IIC conference in Ottawa underlined the huge challenge of maintaining a Canadian cultural presence in the evolving digital media, a challenge that involves both business and policy imperatives. The importance of the public/private dialogue was further emphasized as the main theme of the Canadian Association of Broadcasters convention in late November.

And that got me thinking about the progress that has been made in the UK on the issue of board diversity as a result of a coordinated public/private effort. Two years ago, the UK government began

action on the issue in the wake of the *Higgs Report* on corporate governance. The UK stats for women on boards were dismal compared to the U.S, Canada and Australia. There was no comprehensive strategy in place to fix these issues.

Under the leadership of Patricia Hewitt, Secretary of State for Trade and Industry (DTI) and Minister for Women, the DTI created an initiative to drive change. As Chair of the Women on Boards Committee for The International Alliance for Women, I had the opportunity to make a presentation to the DTI in June of 2003 to share best practices in Women on Boards strategies, including many components of CWC's program.

I was invited back for the launch of the resulting initiative and I was astonished at the progress. The UK has gone from catch-up to what I think is the gold standard for comprehensive, non-legislative initiatives. And it was announced with a bang.

On December 7, more than 75 of us gathered at No. 11 Downing Street, including 17 Chairmen of FTSE 100 companies, Minister Patricia Hewitt and researcher Susan Vinnicombe of Cranfield University. BBC's Carolyn Quinn moderated a blue-ribbon panel, including Lord Dennis Stevenson, Chairman Pearsons PLC, Baroness Margaret Jay, Board Director for British Telecom, Laura Tyson, Dean of the London Business School and author of the *Tyson Report* on corporate governance, Barbara Thomas Judge, Chairman of the United Kingdom Atomic Energy Authority and Sheelagh Whittaker, Managing Director of EDS (ex of Cancom and former CWC Women on Boards Advisory Council.) The clear message was that getting more women onto boards is good business.

The UK initiative includes comprehensive benchmarking research that tracks the overall percentage of board seats held by women, the percentage of new board appointments going to women, the qualifications of the newly-appointed

women directors and the qualifications of the board members they replaced. There is also excellent data comparing corporate financial performance to board diversity, making it absolutely clear that the processes that add women to boards support better financial performance.

With nearly one-fifth of the Board Chairmen of the FTSE 100 at the launch, business is clearly taking a strong leadership position to compliment the government's stance. And the fact that more than 20 FTSE 100 Board Chairmen and CEOs have agreed to groom high-potential women for board positions in a ground-breaking mentoring initiative is further proof of the strong corporate commitment.

On the public side, the government has announced its commitment to ensuring that search firms commissioned by the government present diverse candidate lists, and if they don't they will be struck from the preferred contractors' list. It has also developed a comprehensive document addressing gender diversity as part of a strategy to improve governance.

The impact of the groundwork is already being felt as the pace of change accelerates. In the past year, 17% of new board appointments went to women, the biggest jump in four years of data and, for the first time, the proportion of women held board seats on the FTSE 100 hit 10%.

Making the best use of talent from diverse sources is only going to become a more pressing business issue in the future and it needs specific action for change to occur. While legislation has its place, the kind of comprehensive cooperative strategy between business and government demonstrated in the UK seems far preferable—and more apt to bring the desired result of better governance and more opportunities for women and others from diverse backgrounds to use their skills and experience at the board level. It is a blueprint that we would do well to consider on this side of the pond.